



DEPARTMENT OF ECONOMIC SECURITY

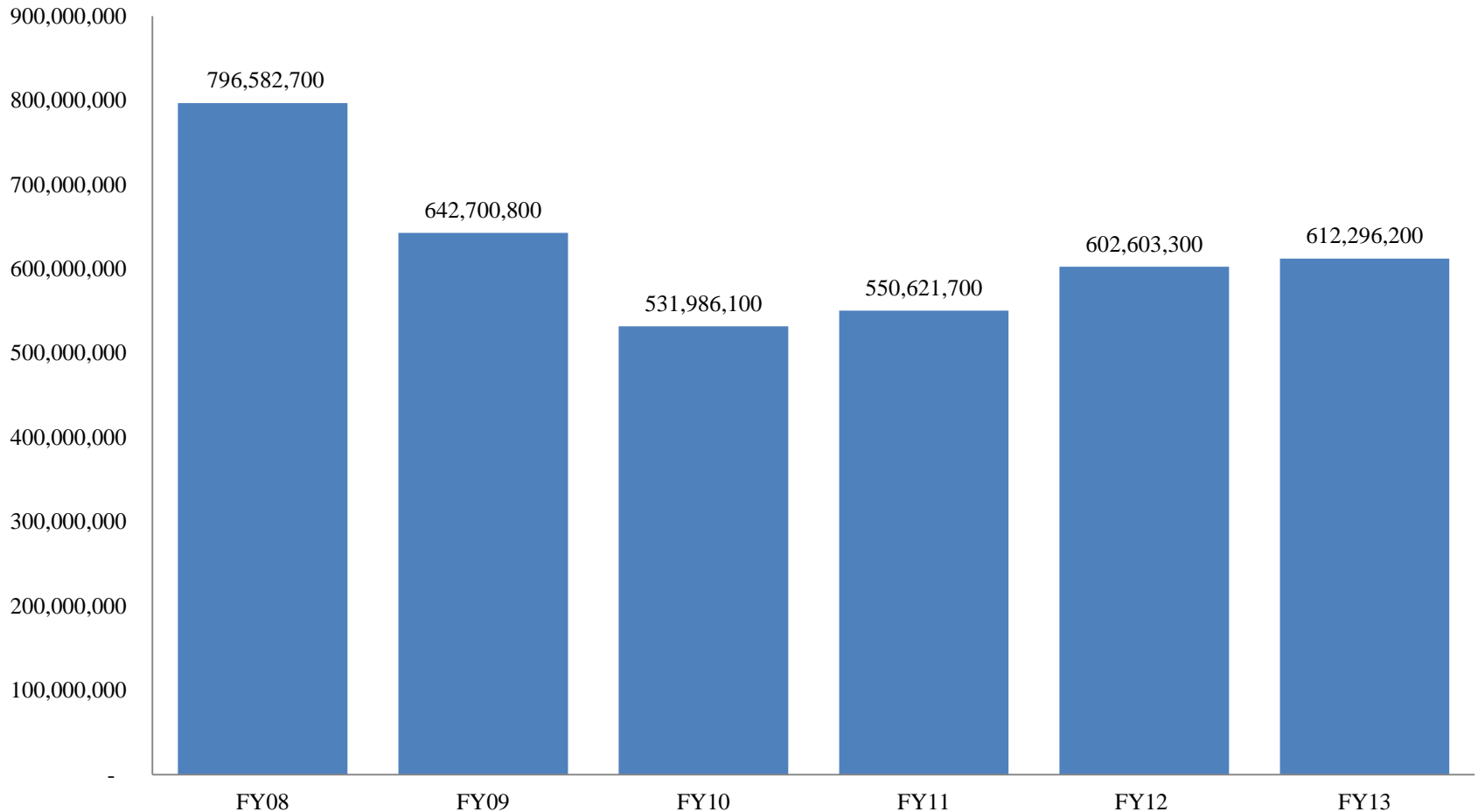
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# Department of Economic Security

## Fiscal Year 2013/2014 Budget

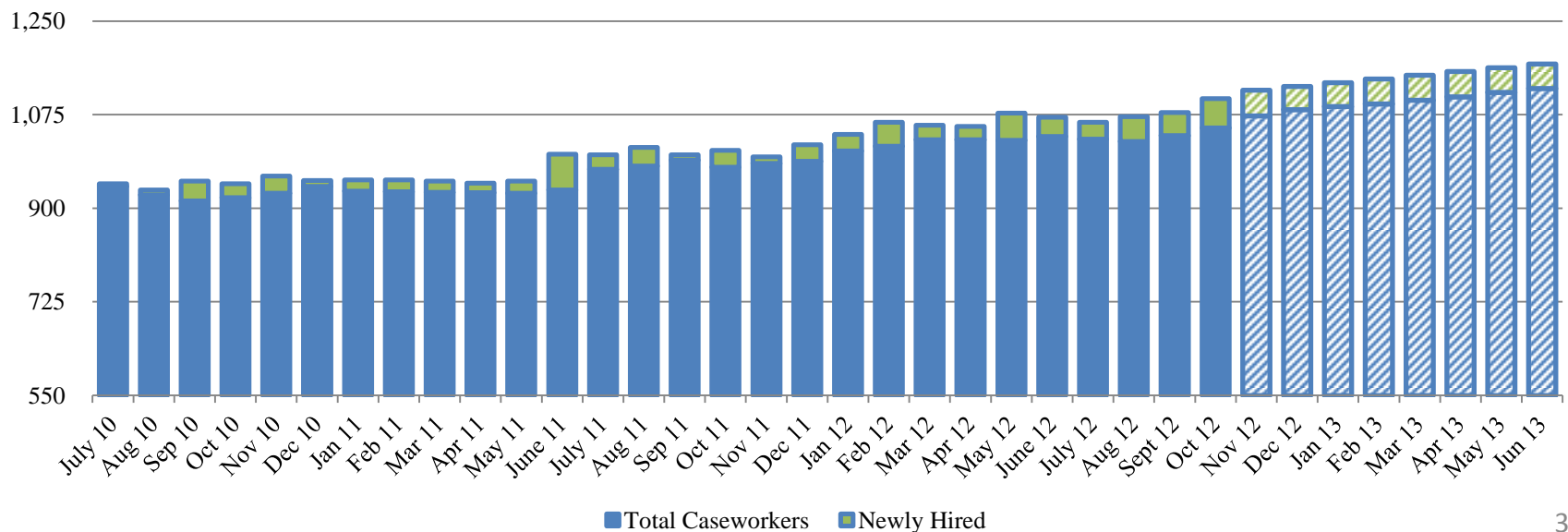
## Executive Recommendation

# General Fund Appropriation History



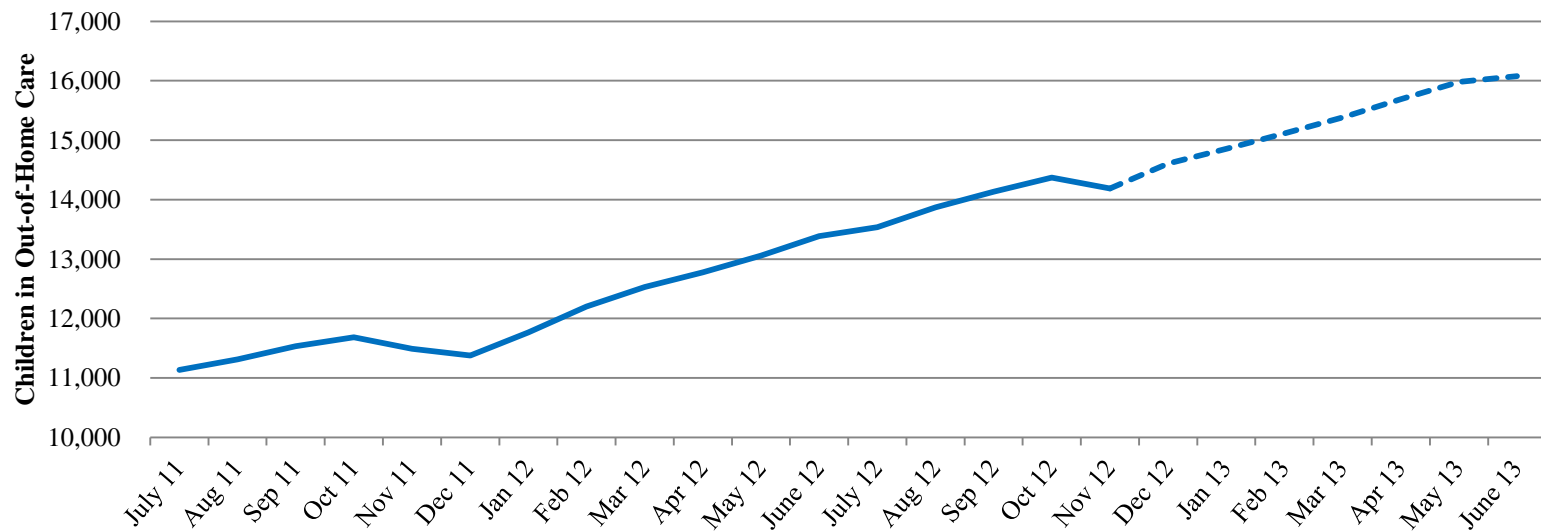
# FY 2013 Supplemental Recommendations

- CPS Staffing – \$4.4 million (50 FTE) from the General Fund in FY 2013
  - In FY 2013, reports of abuse and neglect increased by over 11% through November; This is on top of more than 17% growth in FY 12 from FY 11
  - In November 2012, caseloads were 98.3% above standards, up from 48.6% above standards in November 2009
  - The Department has hired an average of 45 CPS Specialists per month in FY 2013, up 50% from FY 2012 and 88% from FY 2011



# FY 2013 Supplemental Recommendations

- Children Support Services
  - \$10.4 million from the General Fund in FY 2013
  - Funds parent aide, substance abuse treatment, and other reunification and supportive services
  - Through November, the average number of children in out-of-home care each month increased by more than 22% in FY 2013 over the same months in FY 2012





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# Fiscal Year 2014 Recommendations



# Statewide Recommendations

- Medicaid expansion
  - Restore and expand adult eligibility to 133% FPL
  - Funded by a provider assessment
- Continue the 5% critical retention pay increase for eligible employees and make it part of the base pay
- Appropriation for State agencies to provide merit pay to high performing eligible staff
- Elimination of 90-day waiting period for new employees to receive non-retirement benefits

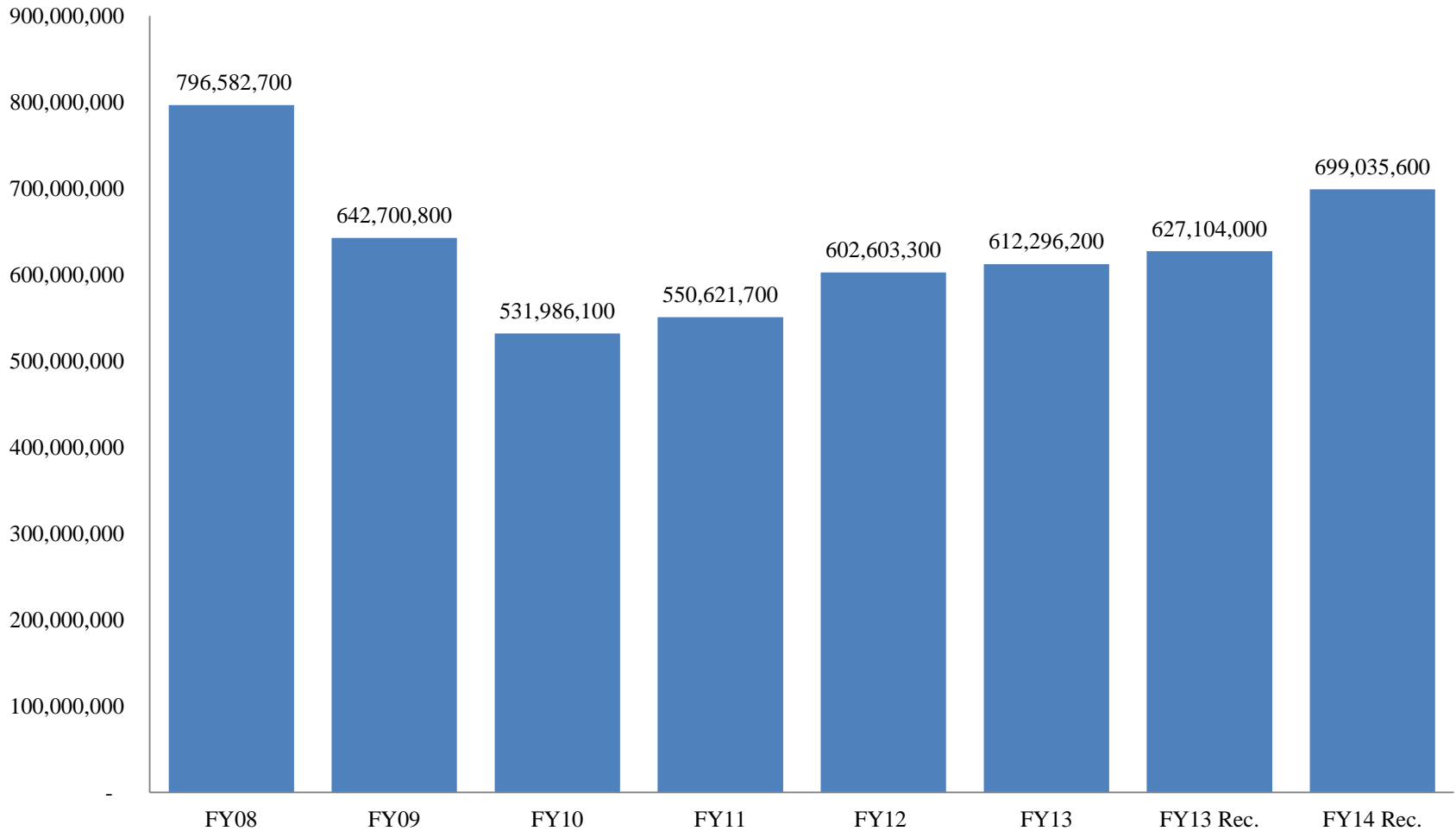


# FY 2014 General Fund Recommendation

	<u>General Fund</u>
<b>FY 2013 Base GF Appropriation</b>	<b>612,296,200</b>
CPS Staffing	4,409,200
Children Support Services	<u>10,398,600</u>
<b>Revised FY 2013 Base</b>	<b>627,104,000</b>
FY 2013 Supplemental Appropriations	(14,798,800)
CPS Emergency and Residential Placement	29,736,500
CPS Staffing	18,695,100
Foster Care Placement	4,804,100
Adoption Services Caseload Growth	2,875,400
Legal Support for CPS	1,549,300
Child Care Caseload	9,591,400
Long-term Care Fund Backfill	1,606,000
Title XIX ALTCS Caseload Growth	13,352,100
Annualize DD Provider Rate Increase	<u>4,529,500</u>
<b>Total</b>	<b>699,035,600</b>



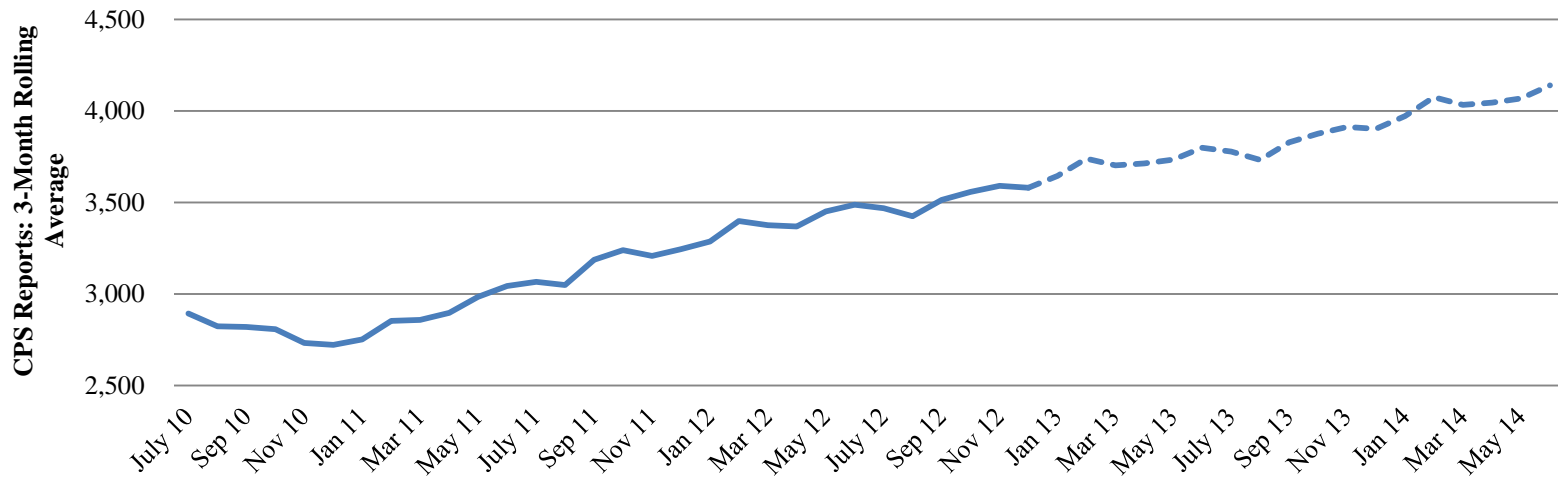
# General Fund Appropriation Recommendation





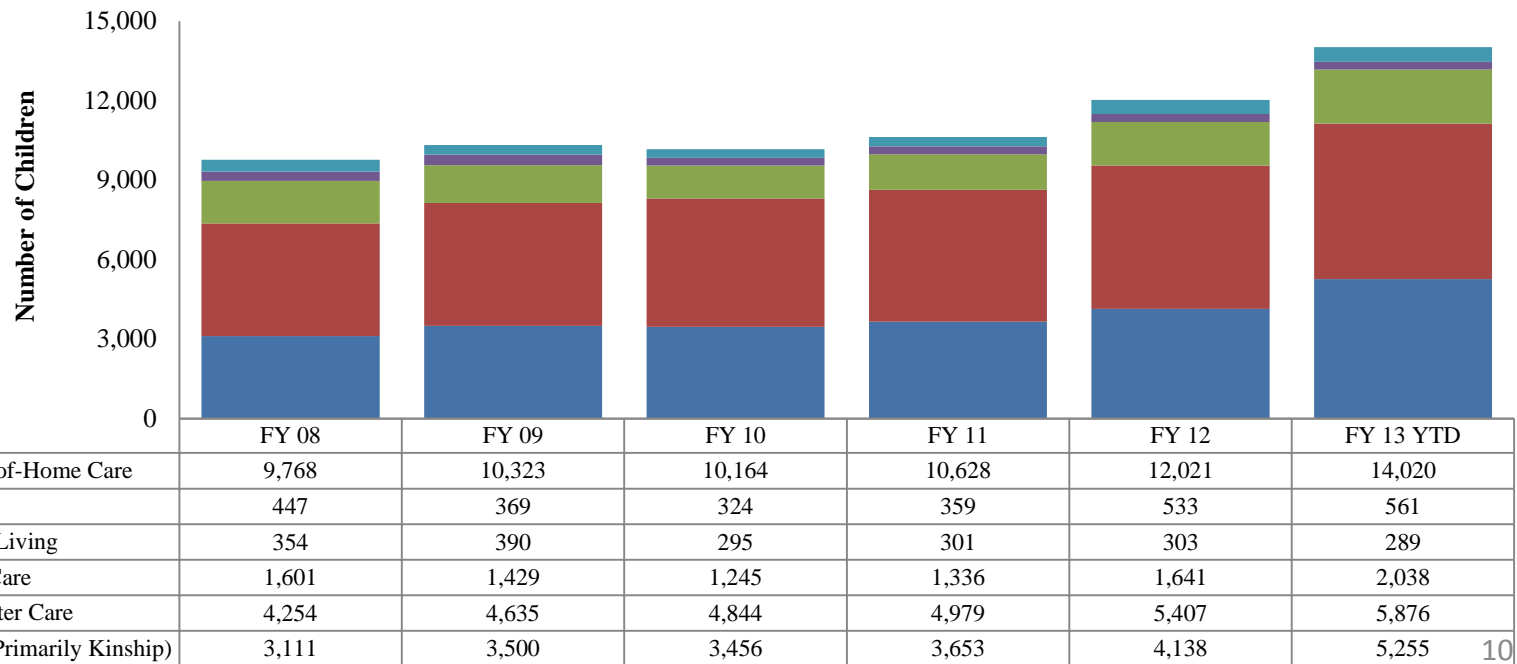
# Child Safety and Protection

- \$68.8 million GF in FY 2014 to maintain child safety and permanency efforts
  - CPS Staffing – \$18.7 million
  - CPS Emergency and Residential Placement – \$29.7 million
  - Foster Care Placement – \$4.8 million
  - Adoption Services – \$2.9 million
  - Child Care Caseload Growth – \$9.6 million
  - Legal Support for CPS - \$1.5 million
- Rapid rise in reports to CPS hotline (17% in FY 2012; 11% FY13 YTD)



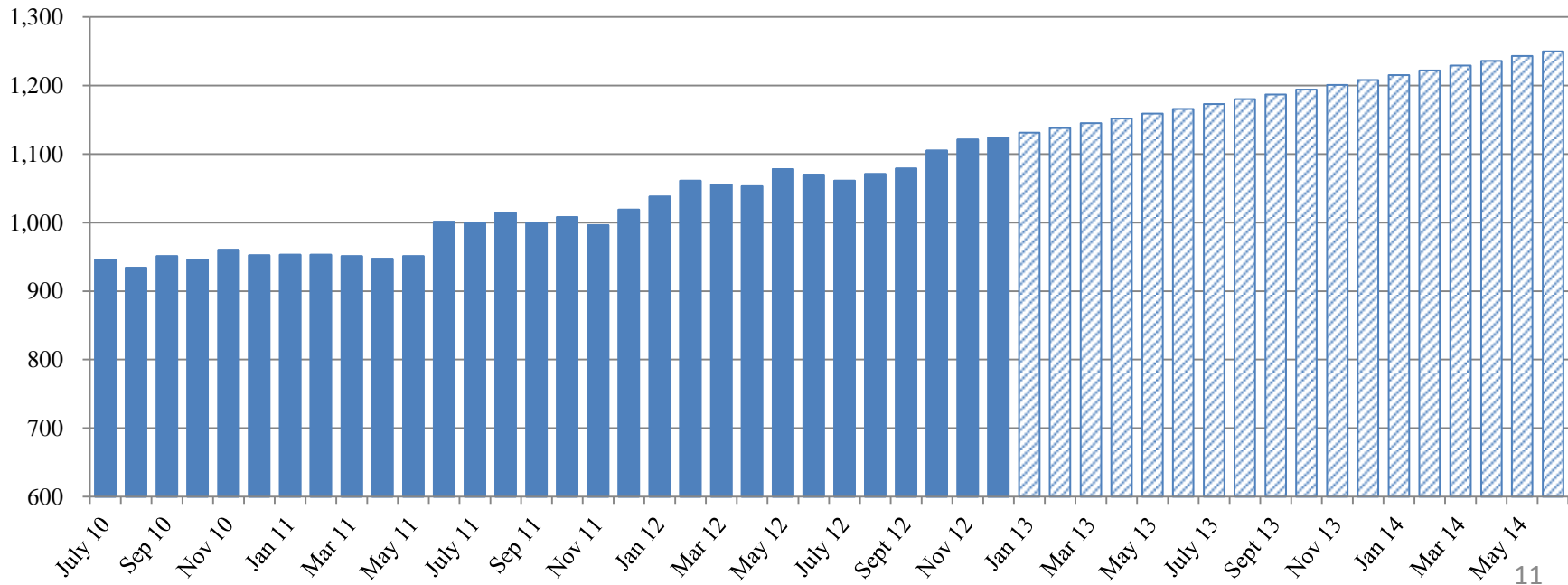
# Child Safety and Protection

- Increase in reports leads to rapid growth in children in out-of-home care
- Over 14,100 children in out-of-home care in November 2012; 22% higher than November 2011
- In FY 2012, children in out-of-home care grew by 13% to 12,021 children
  - Increases the demand for available placements



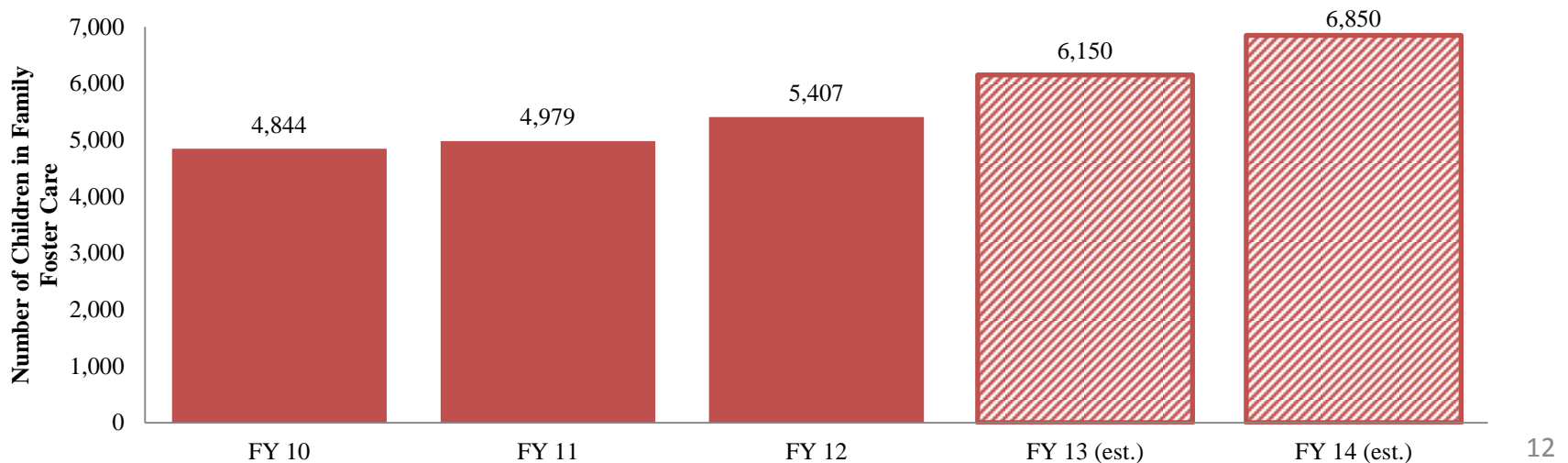
# Child Safety and Protection

- CPS Staffing – \$18.7 million from the General Fund in FY 2014
  - Funds 200 FTE in FY 2014 including 124 caseworkers and support staff
  - Includes the 50 FTE to be hired in FY 2013
  - Staffing levels are improving:
    - Centralized hiring process
    - Improved onboarding process



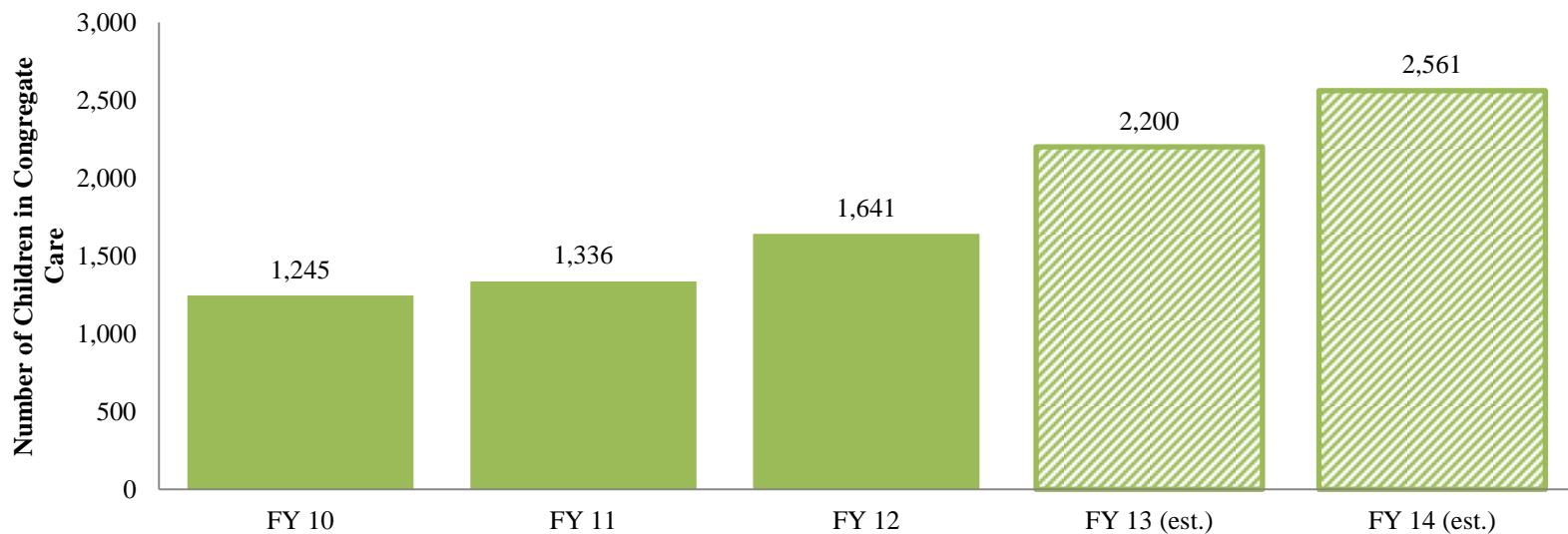
# Child Safety and Protection

- Family Foster Care Placement
  - \$4.8 million from the General Fund in FY 2014; Funds 9.6% growth
- Increased focus on foster home recruitment and retention
  - Expanded partnerships with faith and community-based groups
  - Improved foster family onboarding and training
  - 999 family foster homes added from April 2012 to September 2012
- Better utilization of existing foster homes
  - Receiving homes for short-term placements while a longer term placement is sought
  - Enhanced rates for older and more difficult-to-place children



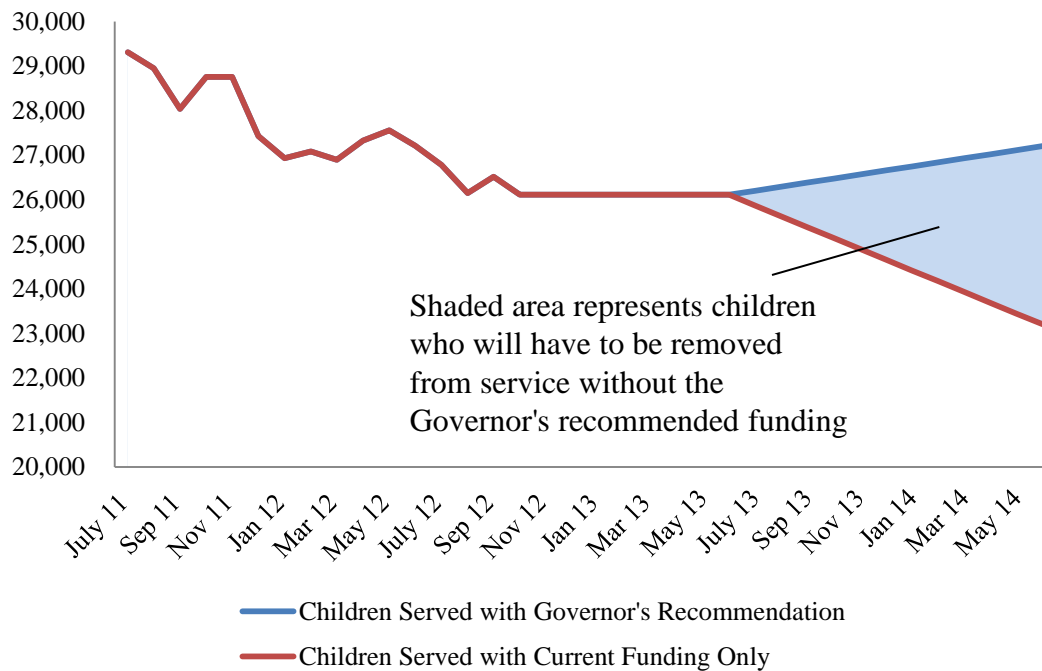
# Child Safety and Protection

- Emergency and Residential Placement
  - \$29.7 million from the General Fund in FY 2014
  - Funds 16.4% growth
  - Backfills exhausted federal funds used to fund growth in FY 2013
- In FY 2012 these placements averaged 1,641 children each month and in FY 2013 have grown by 23% YTD



# Child Safety and Protection

- Child Care Caseload Growth
  - \$9.6 million from the General Fund in FY 2014
  - Number of children in the CPS system receiving child care has increased by over 13% year to date in FY 2013; 11% increase in FY 2012
  - Enables DES to continue current service levels without removing children from service as the number of CPS children continues to rise

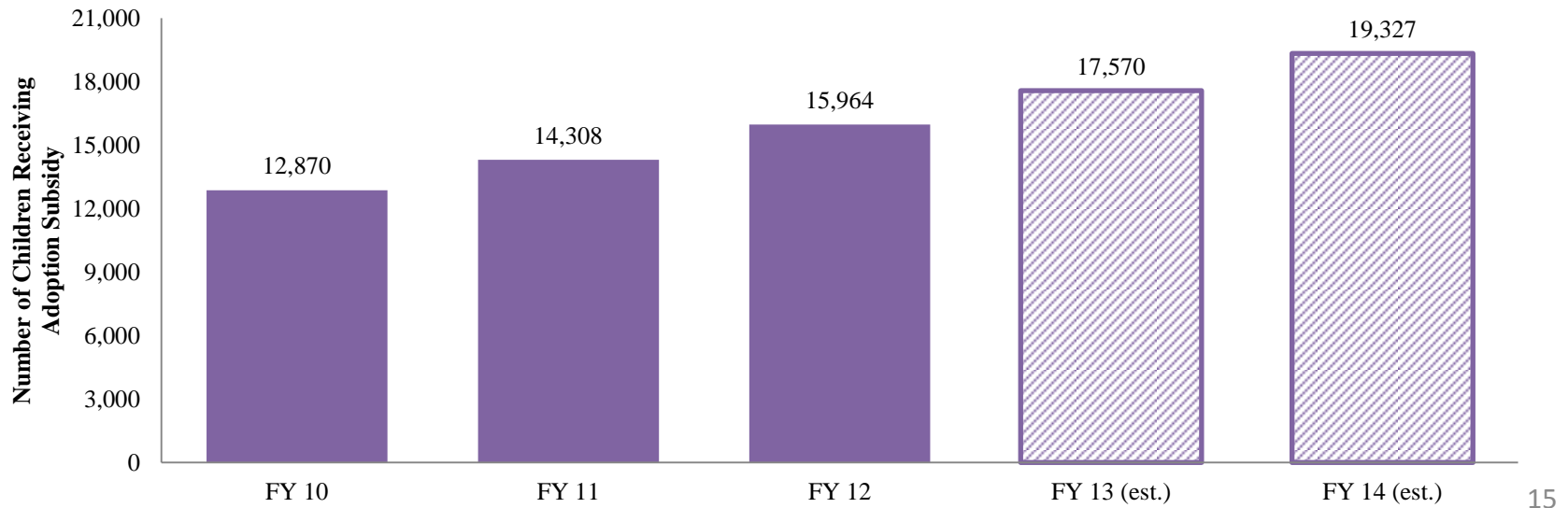


Estimated Children Served	FY 2013	FY 2014
With Current Funding Only	26,000	23,000
Removed from Service	-	4,000
Total Served with Governor's Recommendation	26,000	27,000



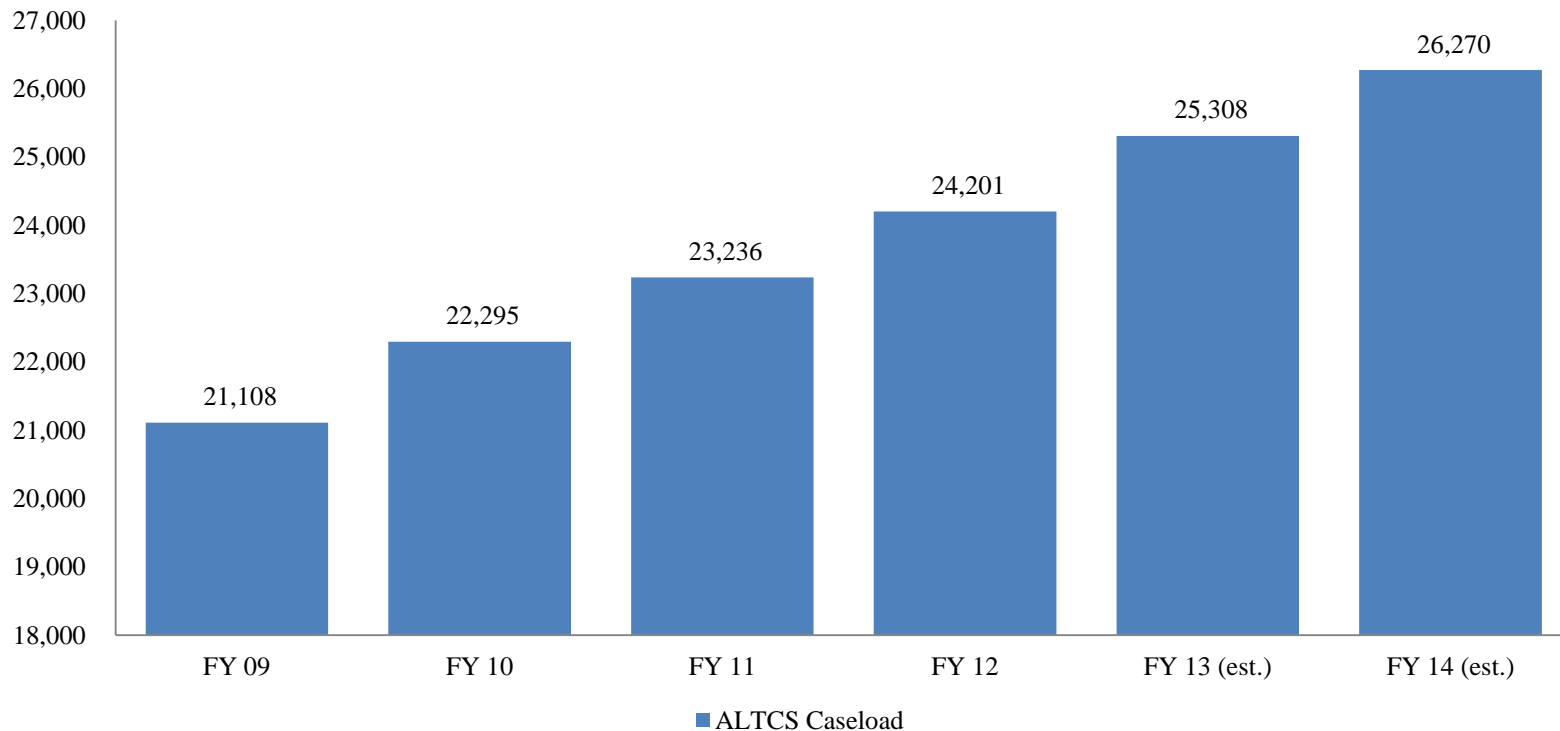
# Child Safety and Protection

- Adoption Services Caseload Growth
  - \$2.9 million from the General Fund in FY 2014
  - Funds 8% growth in children receiving adoption subsidies
- Legal Support for CPS
  - \$1.5 million in FY 2014 for the Protective Services Section of the Attorney General's Office



# ALTCS Caseload and Provider Rate Growth

- \$13.4 million for caseload growth in the Arizona Long-Term Care System (ALTCS) in FY 2014
- \$4.5 million to annualize 2% provider rate increase
  - Enacted in FY 2013 budget for 4<sup>th</sup> quarter of FY 2013





# Long-term Care Fund Backfill

- Includes \$1.6 million from the General Fund in FY 2014 to backfill Long-term Care Fund expenditures
- The FY 2013 budget appropriated \$44.2 from the LTC Fund for DES programs
  - A footnote required that any additional TANF Funds received in FY 2013 offset the LTC Fund appropriation
- In FY 2014, DES expects to have \$42.6 million in available LTC Fund revenue
- This appropriation will backfill the gap between the FY 2013 appropriation and the available funding in FY 2014



# UI Collectors and Investigators

- \$1.6 million increase from the Special Administration Fund in FY 2014
- Will fund 11 collectors and 4 investigators, previously funded with federal UI administration funds
- Each collector can bring in \$650,000 to \$800,000 per year
- Deposits from funds collected help the solvency of the Unemployment Insurance Trust Fund and reduce the tax burden on the Arizona business community



# Technical Adjustments

- Shift funding to Tribal Pass-Through special line item for the Hualapai Tribe if the Tribe chooses to operate its own TANF program
- Reductions to align appropriations with available funding
  - Public Assistance Collections Fund – \$(145,000)
  - Child Abuse Prevention Fund – \$(95,600)
  - Child Support Enforcement Administration Fund – \$(3,414,300)
  - Child Care and Development Fund – \$(12,541,200)





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Questions?